

Estonia

Exchange rate: US\$1.00 = 0.73 euros (€).

Old Age, Disability, and Survivors

Regulatory Framework

First law: 1924.

Current laws: 1992 (old-age pensions), 1992 (pensions), 2000 (funeral benefit), 2001 (individual accounts), 2004 (individual accounts), and 2004 (investments).

Type of program: Social insurance and mandatory individual account system.

Coverage

Social insurance: All permanent residents of Estonia; non-citizens residing temporarily in Estonia; and legal refugees.

Mandatory individual account: All persons born after December 31, 1982, who are covered by social insurance, including self-employed persons. Voluntary coverage for persons born after December 31, 1941 and before January 1, 1983.

Source of Funds

Insured person

Social insurance: None.

Mandatory individual account: 2% of earnings plus an administrative fee.

There are no maximum earnings used to calculate contributions.

Self-employed person

Social insurance: 16% of declared covered earnings.

Mandatory individual account: 4% of declared earnings plus an administrative fee.

Employer

Social insurance: 16% of gross payroll.

There are no maximum earnings used to calculate contributions.

Mandatory individual account: 4% of gross payroll.

There are no maximum earnings used to calculate contributions.

Government

Social insurance: The total cost of national pensions, pension supplements, and allowances for some categories of

insured persons. Local governments pay the total cost of the funeral grant .

Mandatory individual account: None.

Qualifying Conditions

Social insurance

Old-age pension: Age 63 with at least 15 years of service (men) or age 61 with at least 15 years of service (women). (The retirement age for women is gradually rising until it reaches age 63 in 2016; the retirement age for men and women will gradually rise from 2017 to 2026 until it reaches age 65).

Retirement is possible up to 10 years before the normal retirement age with at least 20 years of service, including 10 years of work in especially hazardous occupations; or up to five years before the normal retirement age with at least 25 years of service, including 12 years and six months in especially hazardous occupations.

Early pension: Retirement is possible up to three years before the normal retirement age with at least 15 years of service.

Deferred pension: The pension may be deferred. There is no age limit.

National old-age pension: Age 63 and does not qualify for a social insurance old-age pension. Must have resided in Estonia for at least five years before applying for benefits and must not be receiving a pension from any other country.

Pension supplement: Paid to persons assessed with at least a 40% loss of earning capacity as a result of a nuclear test or accident and veterans of WWII or military personnel.

Disability pension: Aged 25 to 62 with one to 14 years of coverage, depending on age. Must be assessed with a 40% to 99% loss of earning capacity (partial) or 100% (total).

A medical expert assesses the degree of disability.

National disability pension: Must be assessed with a loss of at least 40% of earning capacity, must not qualify for a social insurance disability pension, and must not receive a pension from any other country.

Pension supplement: Paid to persons assessed with at least a 40% loss of earning capacity as a result of a nuclear test or accident; veterans of WWII or military personnel; and certain prisoners of war.

Survivor pension: The deceased had at least 15 years of service. Paid to survivors aged 25 to 62 who are incapable of gainful activity and with one to 14 years of coverage, depending on age.

An eligible spouse must meet one of the following conditions: at least 12 weeks' pregnant; nonworking and raising the deceased's child younger than age 3; permanently disabled and married to the deceased for at least a year;

divorced and permanently incapable of work before the divorce, or if the incapacity began in the year immediately after the divorce married for at least 25 years and reached pensionable age within three years after the divorce; or of pensionable age.

Other eligible survivors include children, stepchildren, siblings, and grandchildren younger than age 18 (age 24 if a full-time student, no limit if disabled); parents or step-parents of pensionable age or with a disability; or a non-employed guardian raising the deceased's children.

National survivor pension: Paid when the family breadwinner dies and was ineligible for a social insurance pension. The survivor must not receive a pension from any other country.

Mandatory individual account

Old-age pension: Age 63 with at least 15 years of service (men) or age 61 with at least 15 years of service (women), receiving the social insurance old-age pension, and first contributed to the individual account at least five years before the date of retirement. The retirement age for women is gradually rising until it reaches age 63 in 2016; the retirement age for men and women will gradually rise from 2017 to 2026 until it reaches age 65.

Survivor pension: The pension is paid to survivors named by the deceased; if there are no named survivors, the pension is paid to the deceased's spouse and orphans.

Old-Age Benefits

Social insurance

Old-age pension: The monthly benefit has three components: a flat-rate amount of €134.91; a length of service component which equals the number of years of service up to December 31, 1998, multiplied by the value of a year of pensionable service; and an insurance component based on contributions paid after January 1, 1999.

The value of a year of pensionable service is €4.964.

Employment may continue.

Early pension: The pension is reduced by 0.4% for each month before the normal retirement age.

Employment must cease.

Deferred pension: The pension is increased by 0.9% for each month of deferral.

The minimum monthly old-age pension is the monthly national pension rate of €140.81.

There is no maximum old-age pension.

Benefit adjustment: Benefits are adjusted annually in April according to changes in the consumer price index and the annual increase in social tax contributions.

National old-age pension: The pension is the monthly national pension rate of €140.81.

Pension supplement: 10% of the national pension rate of €140.81 is paid.

Benefit adjustment: The national pension is adjusted annually by the Estonian parliament.

Mandatory individual account

Old-age pension: The value of the pension depends on the insured's contributions plus accrued interest. At retirement, the insured must purchase a life annuity or make programmed withdrawals if the pension is less than 25% of the national pension rate.

The monthly national pension rate is €140.81.

Permanent Disability Benefits

Social insurance

Disability pension: The monthly pension is either the insured's old-age pension or a flat-rate amount of €134.91 plus a length-of-service component based on 30 years of coverage multiplied by the assessed degree of disability, whichever is greater

The amount of time the pension is paid depends on the assessed degree of disability, from six months up to retirement age.

The minimum monthly disability pension is the national pension rate of €140.81.

There is no maximum disability pension.

Persons receiving a disability pension may continue working.

The disability pension is replaced by an old-age pension at retirement age.

Benefit adjustment: Disability pensions are adjusted annually in April according to changes in the consumer price index and the annual increase in social tax contributions.

National disability pension: A percentage of the monthly national pension rate of €140.81 is paid according to the assessed degree of disability.

Employment may continue.

Pension supplement: 10% of the monthly national pension rate is paid to persons incapacitated for work as a result of a nuclear test or accident, World War II veterans, and military personnel; 20% to certain World War II prisoners of war.

The monthly national pension rate is €140.81.

Benefit adjustment: The national pension rate is adjusted annually by the Estonian parliament.

Survivor Benefits

Social insurance

Survivor pension: 50% of the reference pension is paid for one survivor, 80% for two, and 100% for three or more. The amount is split equally among all eligible survivors.

The reference pension is either the old-age pension the deceased received (or was entitled to receive), or the sum of the flat-rate amount of €134.91 plus a length-of-service component based on 30 years of coverage multiplied by the assessed degree of disability, whichever is greater.

The survivor pension is paid for 12 months after remarriage.

Full orphans receive the survivor pension for both parents.

The minimum survivor pension is 40% of the old-age pension paid for a person with a length-of-service component based on 30 years of coverage.

The maximum survivor pension is 100% of the old-age pension paid for a person with a length-of-service component based on 30 years of coverage.

National survivor pension: 50% of the monthly national pension rate is paid for one survivor, 80% for two, and 100% for three or more. The amount is split equally among all eligible survivors.

The monthly national pension rate is €140.81.

Benefit adjustment: The national pension rate is adjusted annually by the Estonian parliament.

Funeral grant: A lump sum of €191.74 is paid.

Mandatory individual account

Survivor pension: If the insured dies before retirement, designated survivors receive the accumulated value of the individual account. If the insured dies after retirement, designated survivors may receive a periodic benefit for at least five years.

Administrative Organization

Social insurance

Ministry of Social Affairs (<http://www.sm.ee>) is responsible for general management and supervision.

National Social Insurance Board (<http://www.ensib.ee>) is responsible for overall planning and coordination.

Mandatory individual account

Ministry of Finance (<http://www.fi.ee>) supervises the Financial Supervisory Authority and the Registrar of the Estonian Central Register of Securities.

Financial Supervisory Authority (<http://www.fi.ee>) supervises financial services providers, including pension management companies and life insurance companies.

Registrar of the Estonian Central Register of Securities (<http://www.e-register.ee>) sets up a pension account for each insured person.

Sickness and Maternity

Regulatory Framework

First law: 1924.

Current laws: 2000 (health insurance fund), implemented in 2001; 2002 (health organization); and 2002 (health insurance).

Type of program: Social insurance system.

Coverage

Cash benefits: Insured employees, employers, and self-employed persons.

Medical benefits: Insured persons with an employment or service contract; self-employed person; public-sector workers; military personnel; persons receiving certain benefits; caregivers; persons younger than age 19; and students.

Voluntary coverage for persons who were previously insured for at least 12 months in the last two years and for persons receiving a pension from another country.

Source of Funds

Insured person: None.

Voluntarily insured pay €115 a month.

Self-employed person: 13% of declared earnings.

The self-employed person's contributions also finance work injury benefits.

Employer: 13% of payroll.

The employer's contributions also finance work injury benefits.

Government: None.

Qualifying Conditions

Cash benefits: Must be a current member of the Health Insurance Fund, regardless of the length of service.

A doctor must certify the incapacity for work from the second day of incapacity.

Medical benefits: Must be a current member of the Health Insurance Fund.

Must have 14 days of employment for workers with an employment or service contract exceeding one month, self-employed persons, and civil servants; three months for persons with other types of contracts. There is no qualifying period for persons for whom the government pays the total contribution (see source of funds under Old Age, Disability, and Survivors).

Sickness and Maternity Benefits

Sickness benefit: 70% of the reference wage is paid from the ninth day of sickness for temporary sick leave from employment or periods of quarantine; 80% for hospitalization, outpatient treatment, caring for a sick family member at home, or a child with a disability who is younger than age 16; and 100% for an occupational disease or a work injury. (The employer pays 70% of the insured's average

wages from the fourth to the eighth day of incapacity.) The benefit is paid for up to 182 calendar days for each period of sickness; for up to 240 calendar days for tuberculosis.

The reference wage is the insured's average gross daily wage in the previous calendar year. There is no maximum reference wage.

Benefits also include wage compensation for a temporary transfer to another job as a result of the incapacity. The benefit is the difference between earnings before and after the job transfer. The benefit is paid from the transfer day for up to 60 calendar days.

Maternity benefit: 100% of the reference wage is paid for up to 140 calendar days.

Adoption allowance: Paid for up to 70 calendar days for the adoption of a child younger than age 10.

The reference wage is the insured's average gross daily wage in the previous calendar year. There is no maximum reference wage.

Benefits also include wage compensation for a temporary transfer to another job as a result of pregnancy. The benefit is the difference between earnings before and after the job transfer. The benefit is paid from the transfer day until the start of maternity (or adoption) leave.

Workers' Medical Benefits

Medical benefits: National and local health care institutions provide medical benefits.

The duration of the benefits is unlimited as long as the insured is covered; after coverage ceases, the insured continues to qualify for new benefits for up to two months.

Pharmaceutical products: must be approved by the Ministry of Social Affairs, based on the diagnosis and according to a schedule in law.

Cost sharing: The insured pays from €1.27 to €3.19 and from 0% to 50% of the cost of prescribed medicine, according to a schedule in law. If the price of a product exceeds the reference price (a standard maximum), the insured also pays the difference.

The Health Insurance Fund also reimburses the insured for 50% of annual out-of-pocket costs of medicine from €384 to €640 plus 75% from €640 to €1,300, up to €623 a year.

No copayment is required for periods of intensive care, inpatient specialized medical care as the result of pregnancy or childbirth, or inpatient medical care for a child.

The insured receives temporary prosthesis after amputation and certain other appliances.

Pensioners receive cash benefits for dental prostheses every three years.

The Health Insurance Fund may authorize planned medical treatment abroad in special cases.

Dependents' Medical Benefits

Medical benefits for dependents are the same as for the insured.

Children younger than age 19 receive free dental care.

Administrative Organization

Ministry of Social Affairs (<http://www.sm.ee>) is responsible for general management, supervision, and planning.

Health Insurance Fund (<http://www.haigekassa.ee>) coordinates health insurance and administers benefits.

Doctors, polyclinics, and hospitals provide medical benefits.

Work Injury

Regulatory Framework

First law: 1924.

Current laws: 1956 (civil code), 2001 (pension insurance), 2001 (obligations) and 2002 (health insurance).

Type of program: Social insurance system (There is no specific program for work injuries and occupational diseases. Cash and medical benefits are provided through the Sickness and Maternity and Old Age, Disability, and Survivor programs. Under the civil code, additional benefits are provided by employers).

Coverage

Employed and self-employed persons who are permanent residents of Estonia.

Source of Funds

Insured person: None.

Self-employed person: See source of funds under Sickness and Maternity.

Employer: See source of funds under Sickness and Maternity.

Government: The total cost for employees whose employer is insolvent.

Qualifying Conditions

Work injury benefits: Accidents that occur while commuting to and from work are covered.

Temporary Disability Benefits

100% of the reference wage is paid until the degree of disability has been assessed.

The reference wage is the insured's average gross daily wage in the previous calendar year. There is no maximum reference wage.

A medical commission assesses the degree of disability.

Permanent Disability Benefits

Permanent disability pension: Paid with at least a 40% loss of earning capacity.

The monthly pension is the reference pension multiplied by the assessed degree of loss of earning capacity.

The reference pension is the greater of the old-age pension or the sum of the flat-rate amount of €126.82 plus a length-of-service component based on 30 years of coverage.

The monthly length-of-service component is €4.72 multiplied by the number of years of service up to December 31, 1998.

The minimum monthly permanent disability pension is the monthly national pension rate of €140.81.

There is no maximum permanent disability pension.

Benefit adjustment: Benefits are adjusted annually in April according to changes in the consumer price index and the annual increase in social tax contributions.

Compensation benefit: Paid for a loss of earning capacity from 10% to 40%. The benefit is the insured's average gross earnings in the last 12 months before the work injury occurred or occupational disease began multiplied by the assessed loss of earning capacity minus the amount of any pension paid by the government.

Workers' Medical Benefits

National and local medical institutions provide medical benefits.

Medical rehabilitation is provided. Local authorities are responsible for providing social rehabilitation (including special transportation for persons with disabilities, necessary adaptation of the person's home, and personal assistance).

If the medical commission certifies the need for additional expenses, the employer must meet the cost of prostheses and aids, prescribed medicine, travel expenses to and treatment in a sanatorium, and expenses for auxiliary care.

Survivor Benefits

Survivor pension: See source of funds under Old Age, Disability and Survivors.

Administrative Organization

Ministry of Social Affairs (<http://www.sm.ee>) is responsible for general management and supervision.

Health Insurance Fund (<http://www.haigekassa.ee>) coordinates health insurance and administers benefits.

Doctors, polyclinics, and hospitals provide medical benefits.

Social Insurance Board (<http://www.ensib.ee>) administers permanent disability benefits.

Unemployment

Regulatory Framework

First law: 1991.

Current laws: 2001 (unemployment insurance) and 2005 (labor market services).

Type of program: Social insurance and social assistance system.

Coverage

Permanent residents of Estonia, noncitizens residing temporarily in Estonia, and legal refugees.

Source of Funds

Insured person

Unemployment insurance benefit: 2% of gross earnings.

Unemployment allowance: None.

Self-employed person

Unemployment insurance benefit: None.

Unemployment allowance: None.

Employer

Unemployment insurance benefit: 1% of gross payroll.

Unemployment allowance: None.

Government

Unemployment insurance benefit: None.

Unemployment allowance: The total cost.

Qualifying Conditions

Unemployment insurance benefit (social insurance):

Must be capable of gainful activity, aged 16 to the normal retirement age (except for early pensioners), registered as unemployed by an employment office of the Estonian Unemployment Insurance Fund, and involuntarily unemployed with at least 12 months of insured work in the 36 months before registering as unemployed.

There is a waiting period of seven calendar days.

The benefit is suspended if the insured does not register with an employment office of the Estonian Unemployment Insurance Fund at least once every 30 calendar days or refuses a suitable job offer.

Unemployment allowance (social assistance): Must be capable of gainful activity, aged 16 up to the retirement age (except for early pensioners), registered as unemployed with an employment office of the Estonian Unemployment Insurance Fund, have at least 180 calendar days of employment in the 12 months before registering as unemployed, and have personal income less than the value of the daily unemployment allowance of €3.62. Employment periods

include full-time education, military service, raising a child younger than age 7, treatment in a hospital, caring for a sick person, or periods of disability or detention.

There is a general waiting period of seven calendar days; 60 calendar days from the date of registration as unemployed for recently graduated students.

Unemployment Benefits

Unemployment insurance benefit (social insurance): 50% of reference earnings is paid for the first 100 calendar days; thereafter, 40% of reference earnings. The benefit is paid for 180 calendar days with up to 56 months of coverage; for 270 calendar days with 56 to 110 months; or for 360 calendar days with 111 months or more.

Reference earnings are average daily earnings on which unemployment insurance contributions have been paid during the 12 months before registering as unemployed.

The maximum daily earnings used to calculate contributions are three times the national average daily income for the previous calendar year.

Unemployment allowance (social assistance): A daily allowance of €3.62 is paid for up to 270 calendar days; 210 calendar days for unemployed persons who are dismissed by their employer for a breach of duties, loss of confidence, or indecent act.

The unemployment allowance may be extended up to the pensionable age if there are less than 180 calendar days until the claimant reaches the pensionable age.

Administrative Organization

Estonian Unemployment Insurance Fund (<http://www.tootukassa.ee>), under the supervision of the Ministry of Social Affairs (<http://www.sm.ee>) registers the unemployed and pays benefits.

Family Allowances

Regulatory Framework

First law: 1922.

Current laws: 2001 (family benefits) and 2003 (parental benefits).

Type of program: Social assistance system.

Coverage

Permanent residents of Estonia and aliens residing in Estonia with a temporary residence permit.

Source of Funds

Insured person: None.

Self-employed person: None.

Employer: None.

Government: The total cost.

Qualifying Conditions

Family allowances: All children younger than age 16 (age 19 if a full-time student).

Family Allowance Benefits

Childbirth allowance: €320 is paid for each child (including an adopted child); €1,000 for multiple births of three or more children.

Child allowance: Twice the child allowance rate is paid monthly for each of the first two children; eight times the child allowance rate for each additional child.

The child allowance rate is €9.59.

Single parent's child allowance: A monthly benefit of twice the child allowance is paid.

Disabled child allowance: A monthly benefit of 2.7 times the social benefit rate is paid for a child with a moderate disability or 3.15 times for a severe disability.

The social benefit rate is €25.57.

Large family supplement: For families with at least seven children, a monthly benefit of 2.2 times the child allowance rate is paid for each child.

Child care allowance: The allowance is paid to a parent (or guardian) raising one or more children younger than age 3. The monthly allowance is 0.5 times the child allowance rate for each child younger than age 3 plus 0.25 percent for each child aged 3 to 8.

The child care allowance rate is €76.70.

Supplementary child care allowance: A monthly allowance of €6.40 is paid to a parent raising children at home for up to a year.

Disabled student allowance: A monthly allowance of between 25% and 100% of the social benefit rate (depending on expenses incurred by the student) is paid to a nonworking, disabled student completing secondary school or in vocational or higher education (not paid in July and August).

The social benefit rate is €25.57.

Conscript's child allowance: A monthly allowance is paid for children of conscripted military personnel at five times the child allowance rate.

The child care allowance rate is €76.70.

Foster care allowance: Twenty times the child allowance rate is paid for children up to age 16 cared for by a guardian or foster parent.

The child care allowance rate is €76.70.

Start in independent life allowance: A lump sum of €383.60 is paid to persons without parental care who have

grown up in a social welfare institution or attended a special needs school.

Parental benefit: A monthly benefit is paid for 435 days after the maternity benefit period ends (based on a total payment of 100% of the reference wage multiplied by 435 days).

The reference wage is the insured's average gross daily wage in the previous calendar year calculated based on the insured income used for social tax contribution calculation purposes.

The minimum monthly parental benefit is €320.

The maximum monthly parental benefit is €2,378.25.

Administrative Organization

Ministry of Social Affairs (<http://www.sm.ee>) is responsible for general management and supervision.

National Social Insurance Board (<http://www.ensib.ee>) coordinates and administers benefits.